IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION No 48 & 49 of 2001

For Approval and Signature:

Hon'ble MR.JUSTICE N.G.NANDI

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1. Whether Reporters of Local Papers may be allowed to see the judgements? : NO

2. To be referred to the Reporter or not? : NO

3. Whether Their Lordships wish to see the fair copy of the judgement? : NO

4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder? : NO

5. Whether it is to be circulated to the Civil Judge? : NO

SHAH ALLOYS LIMITED

Versus

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Appearance:

1. COMPANY PETITION No. 48 of 2001

MR ASHWIN L SHAH for Petitioner No. 1

MS PJ DAVAWALA for Respondent No. 1

CORAM : MR.JUSTICE N.G.NANDI

Date of decision: 16/10/2001

COMMON (ORAL) JUDGEMENT

1. Ms. P.J.Davawala learned counsel for Central Government has filed the communication dated 19.6.2001 received from the Regional Director. The Regional

Director has neither objected nor consented to the scheme of amalgamation as prayed in these petitions. It appears that Regional Director does not object to the scheme of amalgamation being granted as prayed.

2. Company Petition No. 48 of 2001 is a petition by Shah Alloys Ltd. (the Transferee Company) and Company Petition No. 49 of 2001 is a petition by Shah Steel and Industries Gases Ltd. (Transferor Company) for sanction of a Scheme of Amalgamation of the Transferor Company with the Transferee Company under Section 391 read with Section 394 of the Companies Act, 1956. The said Transferor Company is virtually a wholly owned subsidiary of the Transferee Company. Both the said companies are registered in the State of Gujarat and are carrying on their business in the said State of Gujarat. The Transferor Company is a deemed public companies under the then section 43A of the said Act.

3. The Transferee Company is engaged in the business of both the companies is manufacturing alloys and steel while the Transferor Company is engaged in the business of manufacturing industrial gases which are being used by the Transferee Company in its said business. The Transferee Company is listed with the Ahmedabad Stock Exchange. The petitions give the advantages that would flow by the amalgamation of these two companies.

4. In view of the fact that the consent in writing of the creditors and members of the Transferor Company were filed with the Company Application No. 227 of 2000, the convening of their meetings was dispensed with by an order dated 28.6.2000 passed in the said Company Application No. 227 of 2000. By an order dated 28.6.2000 read with the order dated 7.7.2000 passed in Company Application No. 226 of 2000, meetings of the secured and unsecured creditors and members of the Transferee Company were directed to be held and accordingly the said meetings were held. The creditors and members of the Transferee Company unanimously approved the said Scheme of Amalgamation. The Chairman appointed for the said meetings has submitted his report. As per the said report, all the 25 shareholders holding 56,41,190 shares out of 89,10,000 shares in the Transferee Company voted in favour of the resolution approving the said Scheme of Amalgamation and not voted against it. Similarly, all the 14 unsecured creditors who attended the meeting in person 34 unsecured creditors who attended through proxy aggregating to 354 unsecured creditors having the aggregate claim of Rs.4,74,83,337.05 ps. Voted in favour of the resolution approving the said

Scheme and none voted against it. All the 5 secured creditors who attended their meeting having an aggregate claim of Rs.31,40,40,971.79 ps. Against the Transferee Company voted in favour of the resolution approving the said Scheme and none voted against it.

5. After the petitions were admitted, the dates of their hearing were duly advertised in the newspapers and the publication of the said dates in the Gujarat Govt. Gazette was dispensed with as per the directions given in the order of the Court.

6. Notices of the said petitions have been served upon the Central Govt. and Smt. P.J.Davawala, Additional Standing Counsel of the Central Govt. appears. She has put on record the letter dated 19.6.2001 indicating that the Central Govt. does not oppose to object to the said Scheme of Amalgamation.

7. I have heard Shri Ashwin Lalbhai Shah, learned advocate for the petitioners in both the said petitions. Having gone through the said petitions, I am satisfied that said amalgamation would be in the interest of the said Companies and their members and creditors. Under the circumstances, the Scheme of Amalgamation (Annexure-A to the petitions) is sanctioned with a change that the dated 1st April,1998 in Clause 1 thereof shall stand substituted by the dated 1st April, 1999 and the figures 35 in Clause 10 of the said Scheme stand substituted by the figure 3.5. Prayer in terms of paragraph 20 of both petitions is hereby granted.

8. The petitions are disposed of accordingly. So far as the costs to be paid to the Central Govt. Additional Standing Counsel is concerned, I quantify the same at Rs.2,500/- in each of the said two petitions to be paid to Smt. P.J.Davawala. The remuneration of the Chairman of the above-referred meetings of the members and creditors of the Transferee Company is fixed at Rs.5,000/-.

(N.G.Nandi,J.)

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